

# EXHIBIT 19

1  
2 UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

3 - - - - -x  
4 AVALON HOLDINGS CORP.,  
No. 18-cv-7291 (VSB)  
5 Plaintiff, (ECF Case)

6 -against-

7 GUY GENTILE and MINTBROKER INTERNATIONAL,  
LTD.,  
8 Defendants.

9 Related to:  
- - - - -x

10 NEW CONCEPT ENERGY, INC.,  
No. 18-cv-8896 (VSB)  
11 Plaintiff, (ECF Case)

12 -against-

13 GUY GENTILE and MINTBROKER  
INTERNATIONAL, LTD.,

14 Defendants.  
- - - - -x

15  
16 Virtual Deposition  
New York, New York

17  
18 May 27, 2020  
10:07 a.m.

19  
20 VIRTUAL DEPOSITION of BRAD  
21 KLAUSEGER, a Non-Party Witness in the  
22 above-entitled action, held at the above  
23 time and place, taken before Jennifer  
24 Brennan, a Notary Public of the State of  
25 New York, pursuant to Subpoena.

<p style="text-align: right;">Page 98</p> <p>1 B. Klauseger  2 went over the maintenance margin  3 requirement, you didn't have enough cash  4 in your account to support the  5 maintenance margin, then we would have to  6 liquidate your positions, so we could get  7 that cash value.  8 Q So that would just go with like  9 the last -- how would you determine which  10 positions to liquidate, just whatever the  11 trade --  12 A It's an automated process that  13 I believe does randomization on it.  14 Q So is that true for the B codes  15 as well, like, is it random?  16 A No, the buy-in is specific to  17 the product because there is a failure  18 somewhere along the lines by somebody to  19 deliver the shares. So it relates to the  20 specific product.  21 The liquidation is associated  22 with the -- is a margin function really,  23 so it's trying to get the account back up  24 to above the maintenance margin  25 requirement.</p>	<p style="text-align: right;">Page 100</p> <p>1 B. Klauseger  2 any particular point in time. And if  3 everybody -- if one broker decides to  4 sell short all million shares, but  5 another broker at the time they did their  6 locate, also saw that there was a million  7 shares to be sold short, there would  8 essentially be 2 million shares to be  9 sold short.  10 And that's when the clearing  11 function happens, over the course of a  12 few days and those shares should be  13 delivered or be available as part of this  14 borrowing. But what will happen is, they  15 say no, all the shares were already  16 borrowed by broker A, therefore, you got  17 to close out your -- the other million  18 shares that were sold short by broker B  19 and it causes a buy-in.  20 Q So that correspondence we  21 looked at before, about borrowing GBR  22 shares, I forget which exhibit that was.  23 I think it was Exhibit 23?  24 A Right.  25 Q So would you -- in the short</p>
<p style="text-align: right;">Page 99</p> <p>1 B. Klauseger  2 Q Is there ever a case where you  3 have a high -- we talked initially about  4 how we're going to sell short, you have  5 to borrow the stock?  6 A Yes.  7 Q So does that mean there should  8 never be a situation where you have a  9 higher negative balance in your short  10 account, than you have a positive balance  11 in your long account because the  12 assumption is you are borrowing the  13 shares from the long account; is that  14 right?  15 A No, that's not right. When  16 you're selling short, you're selling  17 short to market, not necessarily your  18 related account. So you are looking out  19 there to the market and say, there are a  20 million shares to be shorted in this  21 security and/or to be lent to be borrowed  22 as part of the short position.  23 So there is a locate that gets  24 generated and is disseminated or is  25 available to, you know, the brokers, at</p>	<p style="text-align: right;">Page 101</p> <p>1 B. Klauseger  2 account, right, we talked about how you  3 would expect the first trade you see to  4 be a sale; right?  5 A Yes, uh-huh.  6 Q Does that mean there would be a  7 correspondence similar to that GBR borrow  8 request, for every sale in the short  9 account?  10 A There would be a --  11 Q So would you expect that any  12 time that the short account has a  13 negative balance, that a request had  14 been -- had a negative share balance --  15 A Uh-huh.  16 Q -- that a request was made to  17 borrow that amount of shares?  18 A Yes, in some sense of that  19 statement, yes. I mean, this is a very  20 fast and automated process as well, so I  21 wouldn't -- based on my understanding of  22 this request, is he was attempting to  23 sell short this position and they were  24 getting either rejections, saying there  25 are no shares available, I'm not exactly</p>

<p style="text-align: right;">Page 114</p> <p>1 B. Klauseger</p> <p>2 the proxy voting rights if you hold the</p> <p>3 long position. And that would be the</p> <p>4 underlying customer of the Omnibus</p> <p>5 structure.</p> <p>6 Q So if it was a propriety</p> <p>7 account, which would just be</p> <p>8 Mintbroker's --</p> <p>9 A Yes, correct.</p> <p>10 Q So before we looked at the</p> <p>11 transfer of the 4,000 some odd share, AWX</p> <p>12 shares, from the long to the short</p> <p>13 account.</p> <p>14 Do you remember that?</p> <p>15 A Yes.</p> <p>16 Q Do those 4,000 shares, when</p> <p>17 they were in the long account, would they</p> <p>18 have been -- would they have been within</p> <p>19 Mintbroker's right to vote those shares?</p> <p>20 MR. FORD: Could the witness</p> <p>21 possibly know the answer to that?</p> <p>22 A I don't know the answer to</p> <p>23 that.</p> <p>24 Q If you have a customer that has</p> <p>25 the shares in their account, generally</p>	<p style="text-align: right;">Page 116</p> <p>1 B. Klauseger</p> <p>2 what their net, long or short position</p> <p>3 was.</p> <p>4 Q Flat, meaning like --</p> <p>5 A If they were zeroed out. If</p> <p>6 they had a long position in the UL</p> <p>7 account and they held the same amount in</p> <p>8 the short account, would that be</p> <p>9 considered to be flat or aggregate, zero,</p> <p>10 you know, and therefore, not giving them</p> <p>11 proxy voting rights.</p> <p>12 Q Okay.</p> <p>13 A So I'm uncertain around that.</p> <p>14 Q Okay. So what is the procedure</p> <p>15 for exercising the right to vote shares?</p> <p>16 Is it this, what I'm seeing in</p> <p>17 this e-mail, is that generally what</p> <p>18 happens, that the customer sends an</p> <p>19 e-mail asking for the proxy vote</p> <p>20 instructions?</p> <p>21 A I believe that we would have</p> <p>22 some automated system set up to identify</p> <p>23 the holders of any particular position</p> <p>24 and inform them that they have the --</p> <p>25 have proxy voting rights, with respect to</p>
<p style="text-align: right;">Page 115</p> <p>1 B. Klauseger</p> <p>2 speaking, are they able to vote those</p> <p>3 shares?</p> <p>4 A Yes, if they long the position,</p> <p>5 they are able to vote the shares,</p> <p>6 generally speaking.</p> <p>7 Q In what situation would they</p> <p>8 not be able to vote them?</p> <p>9 A If they don't hold the shares.</p> <p>10 Q When we saw that 4,000 share</p> <p>11 balance of AWX in the long account,</p> <p>12 before those shares were transferred, is</p> <p>13 there any reason why Mintbroker wouldn't</p> <p>14 be able to vote them?</p> <p>15 A Well, I mean, there is --</p> <p>16 MR. FORD: Objection. You can</p> <p>17 answer, but objection.</p> <p>18 A If given -- I mean, given this</p> <p>19 account structure, I'm unable to</p> <p>20 determine, I guess, we're making an</p> <p>21 assumption that all the activities were</p> <p>22 propriety account and if they were flat</p> <p>23 position, an aggregate, I don't know the</p> <p>24 answer to that because I'm not sure if</p> <p>25 they were flat, at any point in time,</p>	<p style="text-align: right;">Page 117</p> <p>1 B. Klauseger</p> <p>2 some type of voting event.</p> <p>3 Q And so for a broker who holds</p> <p>4 customer account, like assuming, let's</p> <p>5 assume for a second that Mintbroker had</p> <p>6 some customers trades in these</p> <p>7 statements, would Interactive have the</p> <p>8 record of the customer names, in order to</p> <p>9 send that information to them?</p> <p>10 A No, we would not, due to the</p> <p>11 Omnibus structure.</p> <p>12 Q Sorry, what was that?</p> <p>13 A We do not because of the</p> <p>14 Omnibus structure.</p> <p>15 Q So you would send it just to --</p> <p>16 A Mintbroker.</p> <p>17 Q And have them send it out;</p> <p>18 correct?</p> <p>19 A Correct.</p> <p>20 Q And so do you -- I don't</p> <p>21 remember seeing this in Interactive's</p> <p>22 production, but do you have a record any</p> <p>23 time that proxy voting instructions were</p> <p>24 sent to Mintbroker for any stock?</p> <p>25 A My understanding is that this</p>

<p style="text-align: right;">Page 154</p> <p>1 B. Klauseger</p> <p>2 A Yeah, I think T minus three. I</p> <p>3 believe there was an update to T minus</p> <p>4 two though.</p> <p>5 Q Okay, so two minus two.</p> <p>6 A At the time the trades</p> <p>7 happened, I believe it was T minus three.</p> <p>8 Q I think it was.</p> <p>9 A T plus three, not minus three.</p> <p>10 Q T plus, yes, you have the three</p> <p>11 days.</p> <p>12 Now, you had testified that if</p> <p>13 you have a situation where a customer has</p> <p>14 purchased shares, put in -- not purchased</p> <p>15 shares, put in an order to be filled,</p> <p>16 right, Interactive Broker agrees to fill</p> <p>17 that order when there is a counterparty</p> <p>18 that has agreed to take the other side of</p> <p>19 that order; is that correct? Does that</p> <p>20 make sense?</p> <p>21 A It's not -- I mean, we reroute</p> <p>22 it to the exchange to get filled.</p> <p>23 Q So a customer puts in their</p> <p>24 order and Interactive Broker routes it to</p> <p>25 the exchange and then it's filled on the</p>	<p style="text-align: right;">Page 156</p> <p>1 B. Klauseger</p> <p>2 day after, T plus four.</p> <p>3 Q Now, what does that mean,</p> <p>4 bought in?</p> <p>5 A So that would mean that we</p> <p>6 essentially -- IB is obligated to close</p> <p>7 out that short sale position that can't</p> <p>8 be as failed to deliver and so what we do</p> <p>9 is, we acquire the long position, to</p> <p>10 close out against the short position.</p> <p>11 Q But -- and you would do that,</p> <p>12 without regard to the possession of any</p> <p>13 shares; is that correct?</p> <p>14 A Can you say that again, what do</p> <p>15 you mean by that?</p> <p>16 Q Absolutely, sorry about that.</p> <p>17 What I'm saying, if you have -- if the</p> <p>18 counterparty just doesn't have the</p> <p>19 shares, they're not in their position and</p> <p>20 they don't exist, they don't exist to the</p> <p>21 extent that you got 1 million actual</p> <p>22 shares and 6 million and people -- you</p> <p>23 have six people, each who sold short a</p> <p>24 million shares, there are only a million</p> <p>25 shares; right?</p>
<p style="text-align: right;">Page 155</p> <p>1 B. Klauseger</p> <p>2 exchange?</p> <p>3 A Uh-huh.</p> <p>4 Q And it's filled by a</p> <p>5 counterparty?</p> <p>6 A Correct.</p> <p>7 Q And as you testified before, if</p> <p>8 it's outside IB, you don't know whether</p> <p>9 that counterparty actually owns the share</p> <p>10 or not; is that correct?</p> <p>11 A Correct.</p> <p>12 Q Now, if what we just talked</p> <p>13 about, that happens occasionally or with</p> <p>14 some frequency, that there are more</p> <p>15 shares that have been shorted than actual</p> <p>16 shares in existence, if the trade -- if</p> <p>17 the order gets to that T plus three and</p> <p>18 the counterparty does not have the share,</p> <p>19 you testified that -- let me just ask,</p> <p>20 can you explain to me again what happens</p> <p>21 if the counterparty simply does not have</p> <p>22 the share and cannot locate it?</p> <p>23 A On the short sale side, they</p> <p>24 are bought in. It's called a buy-in.</p> <p>25 They are bought in, I believe it's the</p>	<p style="text-align: right;">Page 157</p> <p>1 B. Klauseger</p> <p>2 A Uh-huh.</p> <p>3 Q That means with respect to 5</p> <p>4 million of those sort of shares or short</p> <p>5 sales, there just are not shares to</p> <p>6 deliver; right?</p> <p>7 A Yes.</p> <p>8 Q So when IB closes that position</p> <p>9 out, it's not because they have a million</p> <p>10 shares, they're just making -- is it a</p> <p>11 fair statement that they're just making a</p> <p>12 book entry, in terms of the value of what</p> <p>13 the share would be?</p> <p>14 A Just a book entry?</p> <p>15 Q You can use your words, but I'm</p> <p>16 trying to get at the point that you're at</p> <p>17 that point, you're not dealing with the</p> <p>18 actual shares, you're dealing with just a</p> <p>19 proxy for the shares?</p> <p>20 A So, right, when we do a buy-in</p> <p>21 because the short sale is going to be</p> <p>22 closed out, how do we do that, yes, it's</p> <p>23 a book entry accounting function, but</p> <p>24 there are shares that need to be bought</p> <p>25 back in, which is part of the buy-in</p>

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<p style="text-align: right;">Page 162</p> <p>1 B. Klauseger</p> <p>2 at because with what I understand, Brad,</p> <p>3 tell me if I'm correct, what I understand</p> <p>4 what Carlos just explained, is that there</p> <p>5 is the amount of shares in the float,</p> <p>6 right, does not necessarily equal the</p> <p>7 amount of shares available to short; is</p> <p>8 that correct?</p> <p>9 A That's correct, yes.</p> <p>10 Q And in fact what that means,</p> <p>11 the shares available to short, is</p> <p>12 necessarily less than, in those cases</p> <p>13 would be less than the shares in the</p> <p>14 float?</p> <p>15 A Yes.</p> <p>16 Q But to go back to our example,</p> <p>17 where if you have 5 million shares</p> <p>18 shorted --</p> <p>19 A Uh-huh.</p> <p>20 Q -- across brokers, but there</p> <p>21 are only actually 1 million shares, not</p> <p>22 all of those shares can be obtained and</p> <p>23 can be available for delivery, only 1</p> <p>24 million of them can be --</p> <p>25 A That's correct, yes.</p>	<p style="text-align: right;">Page 164</p> <p>1 B. Klauseger</p> <p>2 contribute to the decision to close the</p> <p>3 account?</p> <p>4 A I can't recall if that was</p> <p>5 identified in the compliance review or</p> <p>6 not. It may have, but it -- I'm not</p> <p>7 certain one way or the other if it was</p> <p>8 identified.</p> <p>9 Q Would that be -- would that</p> <p>10 information be identified in the</p> <p>11 compliance review?</p> <p>12 A Whether or not it was --</p> <p>13 whether or not this complaint was part of</p> <p>14 that, yes, it would be identified. It</p> <p>15 would likely be identified if it was part</p> <p>16 of the reason, yes.</p> <p>17 MR. FORD: I think I just need</p> <p>18 two minutes for Danielle and I to</p> <p>19 discuss off line and then we're</p> <p>20 likely done, but for maybe a couple</p> <p>21 of follow-up questions.</p> <p>22 [At this time, a short recess</p> <p>23 was taken.]</p> <p>24 MR. FORD: I did hear you at</p> <p>25 the end, that you had some follow-up.</p>
<p style="text-align: right;">Page 163</p> <p>1 B. Klauseger</p> <p>2 Q I think that might be it on</p> <p>3 that point. Let me switch topics.</p> <p>4 You had testified earlier with</p> <p>5 respect to why Mr. -- why the Mintbroker</p> <p>6 international account was closed?</p> <p>7 A Uh-huh.</p> <p>8 Q You had said there was another</p> <p>9 compliance review?</p> <p>10 A Yes.</p> <p>11 Q Was that compliance review</p> <p>12 initiated by any complaint, either</p> <p>13 customer or outside party complaint?</p> <p>14 A I don't recall.</p> <p>15 Q And you had mentioned that the</p> <p>16 determination to close the account, was</p> <p>17 based on public domain information.</p> <p>18 Do you know what public domain</p> <p>19 information was --</p> <p>20 A Yes, from what I remember,</p> <p>21 there was allegations out there that he</p> <p>22 was being investigated by federal</p> <p>23 agencies.</p> <p>24 Q Was the complaint filed in</p> <p>25 these cases, part of that review and</p>	<p style="text-align: right;">Page 165</p> <p>1 B. Klauseger</p> <p>2 I have a couple more questions, then</p> <p>3 you can ask your follow-up.</p> <p>4 BY MR. FORD:</p> <p>5 Q Very quickly, to go back to</p> <p>6 sort of basics on orders and what happens</p> <p>7 once an order is placed and filled.</p> <p>8 The concept with the T plus</p> <p>9 three, am I correct that that means that</p> <p>10 when Mintbroker places an order for AWX</p> <p>11 shares to purchase, when that order is</p> <p>12 filled, at that time, the shares of AWX</p> <p>13 are not transferred to Mintbroker</p> <p>14 immediately upon the filling of that</p> <p>15 order; is that correct?</p> <p>16 A So the account will show that</p> <p>17 it purchased the shares as of that date,</p> <p>18 but it will be accounting behind it</p> <p>19 declaring settlement of the position and,</p> <p>20 you know, the funds behind the position</p> <p>21 and transference of the shares, that</p> <p>22 happens on the T plus three.</p> <p>23 Q So is it fair then to say that</p> <p>24 if Mintbroker places an order for 100</p> <p>25 shares of AWX on day one and then sells</p>

<p style="text-align: right;">Page 166</p> <p>1 B. Klauseger</p> <p>2 100 shares of AWP on day two, that at no</p> <p>3 point did any actual shares come into</p> <p>4 Mintbroker's possession?</p> <p>5 A No, that's incorrect.</p> <p>6 Q I thought you just testified</p> <p>7 that the shares do not come into -- the</p> <p>8 shares will not transfer until the T plus</p> <p>9 three?</p> <p>10 A That's an accounting function</p> <p>11 essentially, but on day two, it's T plus</p> <p>12 three, so you're closing the position one</p> <p>13 day after -- the accounting piece of it</p> <p>14 happens one day after as well. So I'm</p> <p>15 trying to think of the best way to put</p> <p>16 this.</p> <p>17 So if you buy the shares, you</p> <p>18 sell -- you buy the shares on day one and</p> <p>19 sell the shares on the day two, they're</p> <p>20 going to clear on Thursday, the sell is</p> <p>21 going to clear on Friday.</p> <p>22 Q I'm not sure I understood that.</p> <p>23 I understood that the transfer of the</p> <p>24 shares takes place on T plus three?</p> <p>25 A So I guess it's -- it's the</p>	<p style="text-align: right;">Page 168</p> <p>1 B. Klauseger</p> <p>2 A Because of the clearing aspect,</p> <p>3 yes.</p> <p>4 Q And -- right, because the</p> <p>5 shares don't actually -- by the clearing</p> <p>6 aspect of it, you mean because the shares</p> <p>7 do not actually clear until T plus three?</p> <p>8 A Yes, yeah.</p> <p>9 MR. FORD: Danielle, do we have</p> <p>10 anything further?</p> <p>11 MS. McLAUGHLIN: No, I don't</p> <p>12 believe so.</p> <p>13 MR. FORD: Okay, I think that's</p> <p>14 all that we have, unless there is</p> <p>15 something on redirect. Thank you.</p> <p>16 MS. TAUBER: I have one</p> <p>17 question about that and unfortunately</p> <p>18 it goes back to the voting again.</p> <p>19 FURTHER EXAMINATION BY</p> <p>20 MS. TAUBER:</p> <p>21 Q In the example that Adam just</p> <p>22 gave of, you buy the shares on day one</p> <p>23 and the order is filled, on day two,</p> <p>24 before the clearing process is complete,</p> <p>25 can the customer vote the stock, do you</p>
<p style="text-align: right;">Page 167</p> <p>1 B. Klauseger</p> <p>2 clearing function of the -- on T plus --</p> <p>3 on the trade date, you make the trade and</p> <p>4 on that, you are taking possession of</p> <p>5 those shares, but there is a clearing</p> <p>6 function, clearing settlement function,</p> <p>7 that acts as an accounting function that</p> <p>8 happens on T plus three.</p> <p>9 Q But if that is -- if that's the</p> <p>10 case, then when we go back to our prior</p> <p>11 example of there being --</p> <p>12 A I also want to be clear,</p> <p>13 it's -- I mean, I guess it's coming down</p> <p>14 to technicality of the sole process and</p> <p>15 I'm trying to clarify my description of</p> <p>16 it.</p> <p>17 Q Maybe I can help you, not to</p> <p>18 cut you off, but maybe I can ask it this</p> <p>19 way: When a customer places an order to</p> <p>20 be filled for shares in IB --</p> <p>21 A Uh-huh.</p> <p>22 Q -- at the moment that that</p> <p>23 order is filled, isn't it fair to say</p> <p>24 that IB has not placed any shares into</p> <p>25 that customer's account?</p>	<p style="text-align: right;">Page 169</p> <p>1 B. Klauseger</p> <p>2 know?</p> <p>3 Do you know if they have the</p> <p>4 record, if they are the record owner?</p> <p>5 MR. PROVENCIO: Let me just</p> <p>6 interject that to the extent that</p> <p>7 that is asking for a legal</p> <p>8 conclusion, Brad is not a lawyer and</p> <p>9 as a lawyer, I'm not sure I know the</p> <p>10 answer, but let's see what he knows.</p> <p>11 MR. FORD: I would second that</p> <p>12 objection. That's right.</p> <p>13 A I don't. I can't answer that</p> <p>14 with a certainty.</p> <p>15 Q I thought you had mentioned</p> <p>16 before something about assigning the</p> <p>17 shares, when we discussed that about the</p> <p>18 assignment, if the shares are assigned to</p> <p>19 the account, in a situation where, for</p> <p>20 example, the person sells short, hasn't</p> <p>21 been found --</p> <p>22 A Are you talking about the</p> <p>23 buy-in?</p> <p>24 Q Yeah, I think so. And I think</p> <p>25 you had mentioned that the voting would</p>



<p style="text-align: right;">Page 170</p> <p>1 B. Klausenger 2 get sorted out with the assignment 3 somehow, maybe that was separate from the 4 clearing process, but I don't know if 5 that was in the clearing process? 6 A I think that had to do with the 7 transfer, the transfer positions; is that 8 right? 9 Q Yeah, sure. I'm not sure if 10 that's the context in which we discussed 11 this, but -- 12 A So I just want to make sure 13 that I'm referencing the right question 14 that you discussed previously. 15 So you said the assignment, I'm 16 trying to determine what you mean by 17 that. 18 Q Remember I had asked you, has 19 it ever happened before that a customer 20 has tried to vote shares before they were 21 actually assigned to their account? 22 A Right, and I said I could not 23 answer that question because I was 24 uncertain about it. And I think I would 25 have to discuss it with Corporate Actions</p>	<p style="text-align: right;">Page 172</p> <p>1 2 A C K N O W L E D G M E N T 3 STATE OF NEW YORK) 4 )ss: 5 COUNTY OF ) 6 7 I, BRAD KLAUSEGER, hereby certify that 8 I have read the foregoing record of my 9 testimony taken at the time and place 10 noted in the heading hereof and I do 11 hereby acknowledge it to be a true and 12 correct transcript of same. 13 14 _____ 15 BRAD KLAUSEGER 16 17 Subscribed and sworn to before me 18 this day of , 20__. 19 20 21 NOTARY PUBLIC 22 23 24 25</p>
<p style="text-align: right;">Page 171</p> <p>1 B. Klausenger 2 Department, to see if they have voting 3 rights at that time. 4 Q Would that department also know 5 if they had voting rights on this day two 6 period, between order fulfilment and 7 clearing? 8 A They may. 9 MS. TAUBER: I have nothing 10 further. Thank you. 11 MR. FORD: Danielle, anything 12 further? 13 MS. McLAUGHLIN: Nothing 14 further. 15 MR. FORD: We're good. Thank 16 you, Brad and Carlos and Jennifer, 17 most importantly. Thank you, Miriam. 18 THE COURT REPORTER: Do you 19 want a copy of this transcript? 20 MS. McLAUGHLIN: Yes, please. 21 (Time noted: 3:21 p.m.) 22 23 24 25</p>	<p style="text-align: right;">Page 173</p> <p>1 2 EXAMINATION BY PAGE 3 MS. TAUBER 5 4 168 5 MR. FORD 144 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>

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